

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
PRIORITY MAIL EXPRESS & PRIORITY MAIL CONTRACT 10  
(MC2012-54)  
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2012-66

**RESPONSE OF UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2,  
WITH PORTIONS UNDER SEAL  
(December 15, 2014)**

The Postal Service hereby provides its response to Chairman's Information Request No. 2, issued December 10, 2014. A response was due no later than December 15, 2014. The request is attached and is followed by the Postal Service's response. The requested workpapers are being filed under seal, with a redacted version filed publicly along with the Postal Service's response. The Postal Service hereby incorporates by reference the Application for Non-Public Treatment originally filed in this docket, for the protection of the material that has been filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
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December 15, 2014

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 2

**REQUEST:**

The Postal Service is requested to clarify whether any Priority Mail Express packages were shipped during the second contract year, and, if so, to provide updated financial workpapers demonstrating that the contract was projected to cover costs in FY 2014. Alternatively, if no Priority Mail Express packages were shipped during the first and second year of the contract, please file updated financial workpapers demonstrating that the Priority Mail Express packages are projected to cover costs in FY 2015.

**RESPONSE:**

The omission of a Priority Mail Express template in the Postal Service's response to CHIR No. 1 was not an oversight but was a result of no FY 2014 partner volume for the Priority Mail Express component of the agreement. As requested, we provide, under seal, financials for the instant contract showing that it is expected to cover its applicable costs in FY 2015, based on:

- the latest available (FY13) costs inflated to FY 2015;
- the actual volume profile for Priority Mail in FY 2014;
- expected volume profile for Priority Mail Express;
- prices for Year 3, as specified in the contract.

Please note that the latest financials based on FY 2014 costs will be available in the Postal Service's Annual Compliance Report (ACR), currently in preparation, which is expected to be filed at the end of December 2014.